



The New Germany: Abandoning Europe?

Since the outbreak of the Euro-crisis, Germany has come under fire for not doing enough to solve the problems of the continent and abandoning its long-held European vocation. Variably, it has been accused of riding roughshod over the sovereign concerns of other countries and for failing to exercise sufficient leadership. German recipes for solving the euro crisis have been demonized for their single-minded and possibly destructive focus on austerity measures and for selfishly exploiting the weakness of their neighbours. German chancellor Angela Merkel, for her part, has become the *bête noire* of the European tabloid press – which has branded her Germany’s most dangerous leader since Hitler – and has seen her image burned in effigy on the streets of Athens. In a much quoted newspaper article in 2011, British pundit Niall Fergusson summed up the European mood by arguing that future generations would blame Germany for having murdered Europe.¹

All of this stands in stunning contrast to Germany’s popular image and position in Europe over the past fifty years. For decades, German politicians have displayed an unquestioning commitment to European integration, have refrained from claiming a greater voice commensurate with Germany’s size in Europe, and have obediently underwritten the costs of European Integration. The contrast is stark. What has changed? Have Germans abandoned their European vocation after having achieved their reunification? Are German businesses deserting the Eurozone in the search for higher profits in the emerging economies? Have Germany’s political institutions and legal system become an obstacle to further integration and firm political action? To come to a better understanding of Germany’s changing role in Europe, this essay will briefly review the evidence.

Integration Fatigue

For many decades, Germany has been one of the main drivers of deeper European integration. A founding member of the initial European Coal and Steel Community in 1951, Germany has ever since embraced a supranational vision of European integration that would see a greater transfer of sovereign power away from the national member states and towards Brussels. After the Cold War, German politicians continued to advocate for supranational solutions, even as their popularity receded elsewhere in Europe. At Maastricht in 1991, it was a German government under Chancellor Helmut Kohl that pushed for a political union to complement European plans for monetary integration, but failed to win broad support. A decade later, Germany’s red-green coalition government was one of the main proponents of the European Constitutional Treaty. When the Constitutional Treaty was voted

down in public referenda in Ireland and France, it was Chancellor Angela Merkel that salvaged the project and engineered the adoption of the Lisbon Treaty.

In the past, these policies were backed by both a strong cross-party consensus on European integration – considered a strategic priority for Germany – as well as a “permissive consensus” amongst the German public. This allowed German leaders to advocate supranational solutions and strike compromise deals at EU summits, without having to fear a backlash from either the public or the opposition. However, since the mid-2000s there have been some signs that the cross-party consensus on Europe might be dissolving and that popular opinion is gradually turning against further integration. No longer able to act entirely unconstrained from political and popular pressures, commentators have observed a gradual turn towards an opinion polls-driven EU policy.

Although it is still possible to observe a largely pro-European consensus amongst Germany’s major catch-all parties, their support has become less reflexive and unquestioning, and considerations of Germany’s “national interests” in the EU – primarily in terms of limiting Germany’s financial contribution – are no longer taboo. This change can be partly explained by the generational shift in German politics in the mid-2000s. Feeling more detached from the war-time experiences of their fathers, the commitment of German leaders to the EU is now less emotive and more based on calculations of national interests. At the same time, Germany’s catch-all parties have been steadily losing ground to smaller fringe parties – like the Party of the Left (Linkspartei) and the Pirate Party (Piratenpartei) – that are more willing to adopt a populist and anti-European rhetoric. During the recent Euro-crisis significant dissent has also emerged amongst CDU backbenchers and from the ranks of the Bavarian CSU and liberal FDP, concerning the decisions of the German government to take on greater fiscal responsibilities in Europe.²

When it comes to public opinion surveys, there seems to have been a similar turning-away from the EU in light of the continuing Euro-crisis. However the trend has been anything but clear. One survey in August 2011 (Allensbach 2011a) noted a dramatic decline in public support for the Euro and found that for the first time the amount of people wanting a return to the Deutschmark was roughly equal to those favouring the Euro. Another survey (Allensbach 2011b) noted that the trust of German citizens in the EU had declined from 49 per cent a decade ago, to a mere 25 per cent in 2011. Most recently a survey (YouGov 2012) found that a full 60 per cent of Germans opposed any further transfer of sovereignty to the EU, with only 28 per cent in favour. Some of these surveys, however, contrast with other studies that have found a continuing support for Euro membership (CEPS 2011) and a positive evaluation of Germany’s EU membership (Eurobarometer 2011).

While these trends have arguably contributed to a more calculating and public opinion polling-driven approach, Germany still lacks any explicitly Eurosceptic party. German public intellectuals remain vociferous in their support for a federal Europe and all major German parties advocate a further deepening of European integration – for example through directly electing the President of the Commission. Throughout the latest stages of the Euro-crisis, German chancellor Angela Merkel has

also sought to connect any move towards common debt liability with demands for a full-fledged fiscal and political union. But with Germany's permissive public consensus steadily crumbling, these steps are likely to run into greater resistance than in the past.³

Constitutional Limits

The progressive transfer of sovereign rights to the European level as part of the Lisbon Treaty, as well as the more recent bail-out packages, have also led to a number of legal challenges that have limited Germany's manoeuvrability in the EU. In a landmark ruling in 2009, the German Federal Constitutional Court (Bundesverfassungsgericht) in its Lisbon verdict argued that the ultimate responsibility for the democratic decision-making process remains with the German Parliament (Bundestag). The Lisbon verdict has forced German policy-makers to consult the Bundestag more regularly on EU affairs – a condition that has been violated on some occasions – and has set some limits on the transfer of sovereign rights to the EU.

The Lisbon verdict has opened the way to a host of legal challenges that have targeted the crisis response mechanisms to the Euro-crisis and limited the ability of the German government to take action. Backbenchers and private individuals from various parties have brought legal cases against the Greek bailout packages, the European Financial Stability Facility, the Stability and Pact and more recently the European Stability Mechanism.⁴ While so far none of these legal challenges has succeeded, they have complicated and often delayed German ratification. Moreover, there is now a growing consensus that in its response to the Euro-crisis, the German government increasingly flirts with constitutional limits set by the German Basic Law and that any further steps – such as a fiscal union – would be impossible without amending the Constitution.

This has triggered some debate in Germany concerning the possibility of a public referendum on European integration. While finance minister Wolfgang Schäuble has argued in favour of such a referendum in the near future, Chancellor Angela Merkel rejected such a step for the time being. Nevertheless, it is increasingly clear that without such a referendum and a constitutional amendment, Germany's commitment to building a federal union that is based on the pooling of sovereign rights in common institutions will have to be revised.

Going Global Alone

Germany's growing assertiveness in Europe has been matched by what many commentators perceive as an increasingly erratic, unpredictable and unilateralist trend in German foreign policy. Examples of this abound: Germany's campaign for a permanent seat in the UN Security Council; its reluctance to shoulder a military burden in Afghanistan; its special relationship with Russia; and above all, Germany's refusal at the UN Security Council to endorse foreign military interventions in Iraq and Libya. The list of issues on which Germany has diverged from its traditional allies grows long. To many these actions signal a steady weakening of Germany's long standing policy of binding itself to the West (Westbindung). Instead, Germany has increasingly sought to build closer bilateral ties with

the BRICs countries (Brazil, Russia, India and China) and has been accused of acting as a free-rider on international security issues.

These trends have been noted with growing alarm by both domestic and foreign commentators, which have identified two possible reasons for this shift. One group of analysts has argued that with the end of its frontline status and the passing of the post-war generation, Germany has turned into a geopolitically saturated country. Having lost its old strategic compass, Germany's new elite has found it excruciatingly difficult to develop a new vision and narrative on Germany's role and purpose in the world. This is largely due to Germany's ill-developed strategic culture and intuitive pacifism that continue to define the terms of the debate. As a result, Germany has tended towards strategic complacency and a passive foreign policy. Alliance decisions are no longer seen as pressing matters of collective security, but are driven by domestic opinion and an outdated public morality. Germany, the argument goes has lost its international purpose and turned into a larger version of Switzerland.⁵

This argument, however, grossly underestimates the level of strategic adaptation that Germany has experienced since the end of the Cold War. Germany's armed forces and strategic culture have been dramatically transformed over the past decade. Germany's contributions to military crisis management missions from Kosovo to Afghanistan, while controversial at home, have been testimony to its gradual maturing as a strategic player that now openly defines its military as an "instrument of foreign policy".⁶ Nor has German foreign policy been devoid of solidarity with its partners. Germany has placed the cohesion of the Atlantic alliance over its narrow national interests when addressing issues from Iranian nuclear proliferation to Afghan state-building and Russia's war with Georgia. And while Germany's alliance solidarity might have grown less reflexive, it has been the main catalysts for its strategic adaptation since the end of the Cold War.

Another argument suggests that hard-nosed interests rather than introspection and strategic complacency are driving a realignment of German foreign policy. According to this argument, Germany's growing export dependency is forcing it to loosen its European ties and to "go global alone". With China bound to replace France as the prime destination of German exports in several years and with Russian energy providing the life-blood of German industry, both are now key partners of the Berlin Republic.⁷ Faced with a sclerotic Europe and an economy that is structurally reliant on export-led growth, German politicians are looking towards the emerging powers for solutions. German foreign policy has adjusted to these needs, by focusing on trade promotion and strategic partnerships instead of human rights and global governance. Germany, in the words of one analyst, has therefore turned into a 'geo-economic power' that has forsaken its former 'civilian power' status.⁸

However, the case for a geo-economic Germany appears tenuous at best. Within Germany, none of the major political parties or actors are openly advocating a geo-political realignment, or a singular focus on trade issues. Despite the Euro-crisis, public opinion remains most favourable towards the western alliance. More importantly, the economics behind this are unclear. While German exports to the BRICs countries have grown strongly over the past decade, together they make for a paltry 10.5% of German

exports (China 5.6%), compared with 71% for Europe. The picture is similar when it comes to German foreign direct investment. In 2007, German FDI stocks in China stood at a mere 20 billion US\$, compared with 740 billion US \$ for Europe.⁹ While German businesses are tempted by the future potential of the developing world, these numbers suggest that for the time being it is unlikely that the German flag is going to follow trade in foreign policy.

Breakdown of the German Motor?

As Germany stumbles towards its next Parliamentary elections in October 2013, its position within the European Union appears increasingly uncertain. A combination of generational and geopolitical changes and an emphasis on export-oriented growth with a focus on the BRICs countries have meant that Germany has become structurally less dependent on the EU. While German policy-makers still pursue supranational solutions to overcome the Euro-crisis and to increase Europe's global power, these efforts are now being checked by a more hostile public and the legal limits of the German Constitution. As a result of these developments, Germany has become a more "difficult" partner in Europe that is no longer able or willing to place its higher interest in European integration above its more narrow national interests. Neither is this likely to change after the German elections. While the German opposition parties have overall been more supportive of pro-growth policies and some form of common debt liability to address the Euro-crisis, any new government will have to face the same restraining forces that will prevent a return to Germany's previous EU policies.

What this means for Germany's partners is that they will have to get used to a more assertive and perhaps more unpredictable Germany the future. Most recently, this has resulted in attempts to balance Germany within Europe. Under President Francois Holland, France, which no longer feels an equal to Germany in European affairs, has sought to build a Mediterranean coalition to replace the Franco-German motor and to force Germany's hand on the Euro-crisis. But in the long-run, this coalition is unlikely to get Germany to play ball in Europe or to provide a realistic alternative to the Franco-German partnership. Instead it is likely to further rattle Germany's pro-European commitment, which has been deeply shaken by the Euro-crisis.

While most pundits warn that Germany's insistence on austerity and control during the Euro-crisis will turn it into a "hated, imperial power in Europe", the alternative is increasingly that of Germany abandoning Europe.¹⁰ The fate of the Eurozone – and perhaps the European Union as such – is becoming increasingly intertwined with Germany's evolving attitudes towards Europe. Before long, Germany's constitutional requirements will make a popular referendum on the future of European integration inevitable. Unless Germans are convinced that they are still getting a fair deal in Europe from their partners, the risks of Germany abandoning the EU are real.

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¹ Niall Ferguson (2011), "Murder on the EU Express," *Newsweek*, 3 April 2011.

² Resistance from CDU/CSU and FDP backbenchers has meant that the German coalition government missed the so-called "chancellor majority" in votes on the Second Greek bail-out package and the ESM and had to rely on support from the opposition to pass these measures in Parliament.

³ *Die Zeit* (2012), "Deutsche gegen mehr Rechte für Brüssel," 28 June 2012.

⁴ Klaus Ferdinand Gärditz and Christian Hillgruber (2011), "Should Karlsruhe be the guardian of the Basic Law," in Ulrike Guérot and Jacqueline Hénard, *What Does Germany Think about Europe?*, London: ECFR.

⁵ Ulrike Guérot and Mark Leonard (2011), "The New German Question: How Europe can get the Germany it needs," ECFR Policy Brief 30, April 2011.

⁶ Timo Behr (2011), "Germany and Regional Command-North: ISAF's Weakest Link?," in Nik Hynes and Péter Marton, eds., *Statebuilding in Afghanistan: Multinational Contributions to Reconstruction*, London: Routledge.

⁷ In 2012, China is expected to become Germany's fourth largest trading partner, after France, the United States and the Netherlands. Based on current growth rates, China could turn into Germany's second largest trade partner in 2013 and become its largest trade partner by 2016. Georg Erber (2012), "German-Chinese Economic Relations—Opportunities and Risks," *DIW Economic Bulletin* 3, 2012.

⁸ Hans Kundnani (2011), "Germany as a Geo-Economic Power," *The Washington Quarterly*, Vol. 34, No. 3, Summer 2011.

⁹ Hans Kundnani and Jonas Parello-Plesner (2012), "China and Germany: Why the Emerging Special Relationship Matters for Europe," ECFR Policy Brief 55, May 2012.

¹⁰ George Soros (2012), "A Tragic, Historical Mistake by the Germans," *Der Spiegel*, Interview, 26 June 2012.